
JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/28/10



Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 2009

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| FINANCIAL SECTION | |
| Required Supplementary Information – Part I: | |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 14 |
| Reconciliation of the Governmental Funds | 15 |
| Balance Sheet to the Statement of Net Assets | |
| Statement of Revenues, Expenditures, and | 16 |
| Changes in Fund Balances | |
| Reconciliation of the Governmental Funds Statement | 17 |
| of Revenues, Expenditures, and Changes in Fund | |
| Balances to the Statement of Activities | |
| Fiduciary Funds: | |
| Fiduciary Funds Description | 18 |
| Fiduciary Funds – Statement of Fiduciary Net Assets | 19 |
| Notes to Basic Financial Statements | 20 |
| Required Supplementary Information – Part II | |
| General Fund and Major Fund Descriptions | 38 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: | |
| General Fund | 39 |
| Jefferson Edge Fund | 40 |
| EDA Revolving Loan Fund | 41 |
| BRGL/LRCF Fund | 42 |
| Other Supplemental Information | |
| Nonmajor Governmental Funds: | |
| Nonmajor Governmental Fund Descriptions | 43 |
| Combining Balance Sheet | 44 |
| Combining Statement of Revenues, Expenditures, and | |
| Changes in Fund Balances | 45 |

SINGLE AUDIT SECTION

| | |
|--|----|
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 46 |
| Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards | 48 |
| Schedule of Expenditures of Federal Awards | 50 |
| Notes to Schedule of Expenditures of Federal Awards | 51 |
| Schedule of Findings and Questioned Costs | 53 |
| Summary Schedule of Prior Findings | 57 |

Independent Auditors' Report

The Board of Commissioners
Jefferson Parish Economic Development Commission
Metairie, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jefferson Parish Economic Development Commission ("JEDCO"), a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise JEDCO's basic financial statements as listed in the table of contents. These financial statements are the responsibility of JEDCO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JEDCO's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of JEDCO as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2010 on our consideration of JEDCO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 11 and pages 38 through 42, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise JEDCO's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postlethwaite + Nettewill

Metairie, Louisiana
May 3, 2010

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

The Management's Discussion and Analysis (MD&A) of the Jefferson Parish Economic Development Commission's (JEDCO) financial performance provides an overall review and an objective, easily readable analysis of JEDCO's financial activities for the year ended December 31, 2009. The intent of MD&A is to review JEDCO's overall financial performance and to assist readers in assessing the financial position. Therefore, readers should read MD&A in conjunction with JEDCO's financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of JEDCO exceeded its liabilities at the end of December 31, 2009 by \$20,837,724 (*net assets*). Of this amount, \$1,488,038 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- JEDCO's total net assets increased by \$5,880,042. The increase is primarily related to the Business Recovery Grant and Loan Program (BRGL) and Louisiana Revolving Capital Fund (LRCF) funding of \$3,872,800 during the current year and infrastructure construction activity of \$1,448,448 in the Technology Park Fund for the Churchill Technology and Business Park and \$418,404 of construction costs incurred in the Patrick F. Taylor School Fund.
- JEDCO's total assets increased by \$4,245,094 during the current year. The increase is primarily due to an increase of \$3,194,941 in BRGL/LRCF note receivables and an increase of \$1,791,312 in capital assets for the completion of the infrastructure in the Churchill Technology and Business Park and construction on the Patrick F. Taylor Science and Technology Academy Conference Center.
- JEDCO's total liabilities decreased by \$1,634,948 during the current year. The key factors in this decrease were a decrease in BRGL grants payable of \$1,220,000 and a decrease in deferred revenue of \$494,072 related to the Churchill Technology and Business Park construction, and deferred revenue of \$327,322 for the Jefferson Edge 2020 Quality of Life Initiative.
- During the year ended December 31, 2009, JEDCO obtained financing of \$4 million through its component unit FORJ to fund construction of the Administration Building in the Churchill Technology and Business Park.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to JEDCO's basic financial statements. JEDCO's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with an overview of JEDCO's finances, in a manner similar to a private-sector entity.

The *statement of net assets* presents information on all of JEDCO's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

serve as a useful indicator of whether the financial position of JEDCO is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and compensated absences payable).

Both of the government-wide financial statements distinguish functions of JEDCO that are principally supported by intergovernmental revenues and charges for services. The governmental activities of JEDCO include Enterprise Center West, Financing the Future program, Economic Development program, Jefferson Edge program, BRGL/LRCF program, Patrick F. Taylor School Project, Technology Park and Marketing and Administrative expenditures.

The government-wide financial statements can be found on pages 12 to 13 of this report and include the discretely presented component unit FORJ.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. JEDCO, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of JEDCO can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

JEDCO maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Jefferson Edge fund, EDA Revolving Loan fund, the BRGL/LRCF fund, the JEDCO Building fund, the Technology Park fund, the Patrick F. Taylor School Fund all, of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

JEDCO adopts an annual appropriated budget for its general fund, capital project funds and all special revenues funds with the exception of the EDA Revolving Loan fund. A budget was not prepared for this fund and is explained in Note 3 on page 25. Budgetary comparison statements have been provided for all major funds in the required supplementary information and for nonmajor funds in the other supplemental information section.

The basic governmental financial statements can be found on pages 14 and 16.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support JEDCO's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* in the form of budgetary comparison statements for each major fund. This information was discussed earlier in the governmental fund section. The required supplementary information begins on page 34 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of JEDCO, assets exceeded liabilities by \$20,837,724 at December 31, 2009.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

Statements of Net Assets

| | 2009 | 2008 |
|-------------------------------------|----------------------|----------------------|
| Current and other assets | \$ 4,424,550 | \$ 5,721,978 |
| Notes receivable | 8,686,959 | 4,935,749 |
| Capital assets | 8,702,221 | 6,910,909 |
| Total assets | <u>21,813,730</u> | <u>17,568,636</u> |
| Other liabilities | 524,325 | 1,666,767 |
| Long-term liabilities outstanding | 451,681 | 944,187 |
| Total liabilities | <u>976,006</u> | <u>2,610,954</u> |
| Net Assets: | | |
| Invested in capital assets | 8,702,221 | 6,910,909 |
| Restricted: | | |
| Economic Development Administration | 1,298,119 | 1,302,115 |
| Bayou Segnette project | 19,877 | 19,726 |
| Jefferson Edge | 153,516 | 599,559 |
| BRGL | 8,126,832 | 4,433,859 |
| JEDCO building fund | 1,049,121 | 927,064 |
| Technology Park | - | (253,051) |
| Unrestricted | 1,488,038 | 1,017,501 |
| Total net assets | <u>\$ 20,837,724</u> | <u>\$ 14,957,682</u> |

The amount "Invested in capital assets" represents JEDCO's net book value of its fixed assets. It is the accumulation of years of investments in fixed assets. These assets are not available for spending. The restricted portion of net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$1,488,038) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current period, JEDCO is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

The government's net assets have increased by \$5,880,042 during the current year. The increase is primarily related to the Business Recovery Grant and Loan Program (BRGL) activity during the current year and construction activity in the Technology Park Fund for the Churchill Technology and Business Park.

Governmental activities. Governmental activities increased JEDCO's net assets by \$5,880,042. Key elements of this increase are as summarized on the following page.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

Charges for services increased by \$176,104 in the current year primarily due to an increase of \$137,535 in transaction fees earned from services provided on the BRGL/LRCF program.

Operating grants and contributions increased by \$2,675,208 primarily due to an increase in funding of \$2,328,016 for the BRGL/LRCF Program, \$99,250 for the Jefferson Edge, and \$279,482 for marketing contributions.

Capital grants and contributions decreased by \$2,332,556 in the current year due to a decrease in the Churchill Technology and Business Park in infrastructure grants of \$2,813,442 offset by an increase of \$315,533 for the Bayou Segnette project, and an increase of \$418,404 for the Patrick F. Taylor Science and Technology Academy Conference Center.

The largest single revenue source of the general fund continues to be JEDCO's share of occupational licenses from Jefferson Parish. The occupational licenses have increased from the prior year by the consumer price index.

Charges for services, including rents and telephone were increased in the current year due to an increase of \$137,535 in transaction fees earned from services provided on the BRGL/LRCF program.

Interest and investment earnings have increased \$7,120 from the prior year due to accrued interest of \$56,269 on the note receivable which offset the decrease in interest income due to a decline in market interest rates. .

Expenditures in total decreased by \$228,883 from the prior year due to a decrease of \$912,588 in grants issued for the BRGL/LRCF program, and a decrease in Jefferson Edge expenditures of \$317,079, offset by an increase in expenditures of \$418,404 for the Patrick F. Taylor Academy.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

Statement of Activities

| | <u>2009</u> | <u>2008</u> |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 371,453 | \$ 195,349 |
| Operating grants and contributions | 4,665,730 | 1,990,522 |
| Capital grants and contributions | 2,376,460 | 4,709,016 |
| General revenues: | | |
| Share of Jefferson Parish occupational licenses | 1,602,995 | 1,541,815 |
| Interest and investment earnings | 112,475 | 105,355 |
| Miscellaneous | 10,099 | - |
| Total revenues | <u>9,139,212</u> | <u>8,542,057</u> |
| Expenses: | | |
| Administrative | 740,976 | 692,637 |
| BRGL/LRCF | 172,243 | 1,084,831 |
| Economic Development Services | 604,458 | 465,265 |
| Enterprise Center West | 91,084 | 88,139 |
| Financing the Future | 244,723 | 216,227 |
| Jefferson Edge | 244,795 | 247,134 |
| Marketing | 504,964 | 235,410 |
| Port/transportation | - | 67,605 |
| Technology Park | 237,523 | - |
| Patrick F. Taylor Academy | 418,404 | - |
| Total expenses | <u>3,259,170</u> | <u>3,497,248</u> |
| Increase in net assets | 5,880,042 | 5,044,809 |
| Net assets – beginning | <u>14,957,682</u> | <u>9,912,873</u> |
| Net assets – ending | <u>\$ 20,837,724</u> | <u>\$ 14,957,682</u> |

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, JEDCO uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of JEDCO's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing JEDCO's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

As of the end of the current year, JEDCO's governmental funds reported combined fund balances of \$11,631,415, an increase of \$3,782,078 in comparison with the prior year. Of this balance, \$11,221,781 is considered to be unreserved.

The general fund is the chief operating fund of JEDCO. At the end of the current year, the general fund has a total fund balance of \$983,950, of which \$707,058 is unreserved. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 31 percent of total general fund expenditures. The general fund balance increased by \$163,998 during the current year.

The Jefferson Edge fund has a total fund balance of \$153,516 of which \$132,742 is encumbered unreserved for use in the Churchill Technology and Business Park. The net decrease in the fund balance during the current year was \$446,043.

The EDA Revolving Loan fund has a total fund balance of \$1,298,119 all of which is unreserved for use in economic development loans. The net decrease in the fund balance during the current year was \$3,996, primarily related to administrative expenditures in excess of interest income.

The BRGL/LRCF Fund has a total fund balance of \$8,126,832, all of which is unreserved for use in business recovery loans. The borrowers on the note receivable balances made payments of \$985,043 on the notes receivable during 2009.

The JEDCO Building fund has a total fund balance of \$1,049,121, all of which is unreserved. This fund was previously called the JEDCO West Proceeds fund, which was created in 2003 by a transfer from general fund of sales proceeds from a building sold in 2002. The fund has been earmarked by its Board of Commissioners for future furniture and equipment expenditures of JEDCO's administrative offices/technology incubator in the Churchill Technology and Business Park.

The Technology Park fund has a total fund balance \$0, as of December 31, 2009. This fund was created in 2008 and has been earmarked by its Board of Commissioners for land improvements and infrastructure in the Churchill Technology and Business Park land owned by JEDCO. The infrastructure work was completed in 2009. Included in Technology Park revenue and expenses are \$1,448,338 which represents in-kind contributions received from Jefferson Parish relating to the completion of the infrastructure construction in the Churchill Technology and Business Park.

The Patrick F. Taylor Academy Fund was created in 2009 to account for the construction of the Patrick F. Taylor School Academy and Conference Center in the Churchill Technology and Business Park. JEDCO received state funding of \$418,404 and incurred expenditures of \$418,404 during the year ended December 31, 2009.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

General Fund Budgetary Highlights

JEDCO's budget is prepared according to Louisiana law. During the course of the year, JEDCO revises its budget to take into consideration significant changes in revenue or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. A statement showing JEDCO's original and final budget compared with actual operating results is provided in this annual report. The General Fund's actual revenues were over projected revenues by \$155,682 and expenditures were under final projections by \$243,163.

A comparison of actual results as of December 31, 2009 and the final budget for the General Fund are as follows:

| | Final Budget | Actual, Budgetary Basis | Difference |
|--------------------|-----------------|-------------------------------|------------|
| Total Revenues | \$ 2,280,915 | \$ 2,427,402 | \$ 146,487 |
| Total Expenditures | 2,506,567 | 2,263,404 | 243,163 |
| Total Net Revenues | \$ (225,652) | \$ 173,193 | \$ 389,650 |

The difference between the final budget and the actual results is primarily due to actual fees earned from processing of the BRGL/LRCF program were in excess of the final budget amounts. Actual expenses for salary and related benefits were less than the final budgeted expenses due to the loss of two senior managers during the year.

CAPITAL ASSETS, DEPRECIATION AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2009, JEDCO had approximately \$8,702,221 invested in capital assets. This amount is net of accumulated depreciation to date. The net book value of capital assets at December 31, 2009 is as follows:

| | |
|--------------------------|---------------------|
| Land | \$ 2,123,985 |
| Infrastructure | 5,810,906 |
| Office furniture | 22,216 |
| Leasehold improvements | 1,506 |
| Construction in progress | 743,608 |
| Total | <u>\$ 8,702,221</u> |

Depreciation for the year ended December 31, 2009 was \$168,187. Infrastructure assets of \$5,963,169 were completed during 2009. Additional information on JEDCO's capital assets can be found in Note 6 on page 28.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

CAPITAL ASSETS, DEPRECIATION AND DEBT ADMINISTRATION (CONTINUED)

Long-term Obligations

JEDCO's long-term obligations at December 31, 2009 are comprised of:

| | |
|------------------------------|-------------------|
| Compensated absences payable | \$ 52,181 |
| Escrow deposits | 6,750 |
| Deferred revenue | <u>392,750</u> |
| Total | <u>\$ 451,681</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

JEDCO anticipates a decrease in its share of occupational licenses received from Jefferson Parish for 2010.

Several factors will influence whether or not JEDCO will experience an increase or decrease of revenues (i.e., occupancy of the Enterprise Centers and investment tools). JEDCO anticipates an increase of 30% for insurance expense. In addition, in mid 2009 JEDCO no longer will act as a conduit for the State of Louisiana in its Louisiana Business Recovery Grant/Loan program. At that time, per approval of LED, JEDCO began to administer the Louisiana Recovery Capital Fund. JEDCO will process the loan applications and in turn JEDCO will receive a fee for each loan application processed.

Revenues and expenses allocated for the Jefferson Edge Project are project oriented and are reflected as such. Planned infrastructure construction spending was delayed in 2006 and 2007 due to Hurricane Katrina, but began during 2008. JEDCO signed a cooperative endeavor agreement with Jefferson Parish which provides Parish reimbursement for approximately \$2 million of construction related expenditures for the Incubator building. Therefore a significant increase in capital expenditures and Parish CDBG funding appears likely in 2010.

Revenues and expenses allocated for the Bayou Segnette Project and the Patrick F. Taylor fund are project oriented. The Bayou Segnette project was completed in February 2010. The Patrick F. Taylor Science and Technology Academy Conference Center construction may begin construction during 2010 depending on funding from the State of Louisiana.

CONTACTING JEDCO'S FINANCIAL MANAGEMENT

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of JEDCO's finances and to show JEDCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact JEDCO at 3445 North Causeway Boulevard, Suite 300, Metairie, LA 70002 or call (504) 833-1881 during regular office hours.

BASIC FINANCIAL STATEMENTS

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF NET ASSETS
December 31, 2009

| | <u>Governmental Activities</u> | <u>Discretely Presented Component Unit</u> |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,428,284 | \$ 3,743,103 |
| Investments | 1,116,073 | - |
| Receivables: | | |
| Accounts | - | 3,600 |
| Notes | 8,130,690 | - |
| Due from JEDCO | - | 40,135 |
| Due from other governments | 506,978 | - |
| Prepaid expenses | 20,465 | 59,789 |
| Promises to give - Jefferson Edge | 352,750 | - |
| Note receivable and accrued interest | 556,269 | - |
| Capital assets | | |
| Land | 2,123,985 | - |
| Infrastructure assets, net | 5,810,906 | - |
| Other capital assets, net | 23,722 | - |
| Construction in progress | 743,608 | 501,514 |
| TOTAL ASSETS | <u>21,813,730</u> | <u>4,348,141</u> |
| LIABILITIES | | |
| Accounts payable | 484,190 | 106,886 |
| Due to FORJ | 40,135 | - |
| Escrow deposits | 6,750 | - |
| Deferred revenue | 392,750 | - |
| Compensated absences payable, long-term | 52,181 | - |
| Long term debt | - | 4,000,000 |
| TOTAL LIABILITIES | <u>976,006</u> | <u>4,106,886</u> |
| NET ASSETS | | |
| Invested in capital assets | 8,702,221 | - |
| Restricted for: | | |
| EDA Revolving Loan Fund | 1,298,119 | - |
| Bayou Segnette Project | 19,877 | - |
| Jefferson Edge | 153,516 | - |
| BRGL /LRCF Funds | 8,126,832 | - |
| JEDCO Building Fund | 1,049,121 | - |
| Unrestricted | 1,488,038 | 241,255 |
| TOTAL NET ASSETS | <u>\$ 20,837,724</u> | <u>\$ 241,255</u> |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | |
|---|------------------|----------------------|------------------------------------|---|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Discretely Presented Component Unit (FORJ) |
| Governmental activities: | | | | | |
| Administrative | \$ 740,976 | \$ - | \$ - | \$ - | \$ - |
| BRGL/LRCF | 172,243 | 243,738 | 4,200,122 | - | 4,271,617 |
| Economic Development Services | 604,458 | 3,254 | - | 509,718 | (91,486) |
| Enterprise Center West | 91,084 | 19,270 | - | - | (71,814) |
| Financing the Future | 244,723 | 105,191 | - | - | (139,532) |
| Jefferson Edge | 244,795 | - | 335,410 | - | 90,615 |
| Marketing | 504,964 | - | 130,198 | - | (374,766) |
| Technology Park | 237,523 | - | - | 1,448,338 | 1,210,815 |
| Patrick F. Taylor Academy | 418,404 | - | - | 418,404 | - |
| Total governmental activities | 3,259,170 | 371,453 | 4,665,730 | 2,376,460 | 4,154,473 |
| Discretely presented component unit: | | | | | |
| FORJ | 17,142 | - | - | 253,258 | 236,116 |
| Total | \$ 3,276,312 | \$ 371,453 | \$ 4,665,730 | \$ 2,629,718 | \$ 4,154,473 |
| General revenues: | | | | | |
| Share of Jefferson Parish occupational licenses | | | | | 1,602,995 |
| Interest and investment earnings | | | | | 112,475 |
| Miscellaneous | | | | | 10,099 |
| Total general revenues | | | | | 1,725,569 |
| Increase in net assets | | | | | 5,139 |
| Net assets - January 1, 2009 | | | | | 5,880,042 |
| Net assets - December 31, 2009 | | | | | 14,957,682 |
| | | | | | \$ 20,837,724 |
| | | | | | \$ 241,255 |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

| | General Fund | Jefferson Edge Fund | EDA Revolving Loan Fund | BRGL/ LRCF Fund | JEDCO Building Fund | Technology Park Fund | Patrick F. Taylor School Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------------|---------------------|---------------------|----------------------|-------------------------------|--------------------------|--------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 218,044 | \$ 179,128 | \$ 389,551 | \$ 875,781 | \$ 750,629 | \$ - | \$ - | \$ 15,151 | \$ 2,428,284 |
| Investments | 813,981 | - | - | - | 302,092 | - | - | - | 1,116,073 |
| Receivables: | | | | | | | | | |
| Accounts | - | 352,750 | - | - | - | - | - | - | 352,750 |
| Notes | - | - | 918,577 | 7,212,113 | - | - | - | - | 8,130,690 |
| Due from other funds | 25,873 | 15,000 | - | 53,740 | - | - | - | 54,190 | 148,803 |
| Due from other governments | 88,574 | - | - | - | - | - | 418,404 | - | 506,978 |
| Prepaid expenses | 20,015 | 450 | - | - | - | - | - | - | 20,465 |
| TOTAL ASSETS | \$ 1,166,487 | \$ 547,328 | \$ 1,308,128 | \$ 8,141,634 | \$ 1,052,721 | \$ - | \$ 418,404 | \$ 69,341 | \$ 12,704,043 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 27,722 | \$ - | \$ - | \$ - | \$ 3,600 | \$ - | \$ 418,404 | \$ 34,464 | \$ 484,190 |
| Due to other funds | 107,930 | 1,062 | 10,009 | 14,802 | - | - | - | 15,000 | 148,803 |
| Due to FORJ | 40,135 | - | - | - | - | - | - | - | 40,135 |
| Escrow deposits | 6,750 | - | - | - | - | - | - | - | 6,750 |
| Deferred revenue | - | 392,750 | - | - | - | - | - | - | 392,750 |
| Total liabilities | 182,537 | 393,812 | 10,009 | 14,802 | 3,600 | - | 418,404 | 49,464 | 1,072,628 |
| Fund Balances: | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Encumbrances | 276,892 | 132,742 | - | - | - | - | - | - | 409,634 |
| Unreserved, reported in: | | | | | | | | | |
| General fund | 707,058 | 20,774 | 1,298,119 | 8,126,832 | - | - | - | - | 707,058 |
| Special revenue funds | - | - | - | - | - | - | - | - | 9,445,725 |
| Capital projects funds | - | - | - | - | 1,049,121 | - | - | 19,877 | 1,068,998 |
| Total fund balances | 983,950 | 153,516 | 1,298,119 | 8,126,832 | 1,049,121 | - | - | 19,877 | 11,631,415 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,166,487 | \$ 547,328 | \$ 1,308,128 | \$ 8,141,634 | \$ 1,052,721 | \$ - | \$ 418,404 | \$ 69,341 | \$ 12,704,043 |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
December 31, 2009

| | | |
|---|------------------|-----------------------------|
| Total fund balances at December 31, 2009 - Governmental Funds | | \$ 11,631,415 |
| Cost of capital assets at December 31, 2009 | \$ 9,121,863 | |
| Less- accumulated depreciation as of December 31, 2009: | | |
| Office furniture | (254,216) | |
| Infrastructure | (152,263) | |
| Leasehold improvements | <u>(13,163)</u> | 8,702,221 |
| Long Term NMTC Note Receivable | | |
| Note receivable due from COCREF Investor 1, LLC | \$ 500,000 | |
| Accrued interest | <u>56,269</u> | 556,269 |
| Elimination of interfund assets and liabilities: | | |
| Due from other funds | \$ 148,803 | |
| Due to other funds | <u>(148,803)</u> | - |
| Long-term liabilities at December 31, 2009: | | |
| Compensated absences payable | | <u>(52,181)</u> |
| Net assets of governmental activities at December 31, 2009 | | <u><u>\$ 20,837,724</u></u> |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS
December 31, 2009

| | General Fund | Jefferson Edge Fund | EDA Revolving Loan Fund | BRGL/LRCF Fund | JEDCO Building Fund | Technology Park Fund | Patrick F. Taylor Academy Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------|---------------------|-------------------------|----------------|---------------------|----------------------|--------------------------------|--------------------------|--------------------------|
| REVENUES | | | | | | | | | |
| Intergovernmental: | | | | | | | | | |
| Share of Jefferson Parish occupational licenses | \$ 1,522,995 | \$ 80,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,602,995 |
| Jefferson Parish Funds | 469,722 | - | - | - | - | 1,448,338 | - | - | 1,918,060 |
| State Funds | 45,198 | 85,000 | - | - | - | 253,051 | 418,404 | 509,718 | 1,311,371 |
| Federal Funds | - | - | - | 3,730,400 | - | - | - | - | 3,730,400 |
| Charges for services | 352,183 | - | - | - | - | - | - | - | 352,183 |
| Enterprise Centers: | | | | | | | | | |
| Rents and telephone | 19,270 | - | - | - | - | - | - | - | 19,270 |
| Interest | 7,935 | 602 | 33,010 | 5,964 | 8,657 | - | - | 38 | 56,206 |
| Miscellaneous | 10,099 | - | - | - | - | - | - | - | 10,099 |
| Donations | - | 335,410 | - | - | - | - | - | - | 335,410 |
| Total revenues | 2,427,402 | 501,012 | 33,010 | 3,736,364 | 8,657 | 1,701,389 | 418,404 | 509,756 | 9,335,994 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| Administrative | 694,307 | - | 37,006 | - | 3,600 | - | - | - | 734,913 |
| BRGL/LRCF | 128,852 | - | - | 43,391 | - | - | - | - | 172,243 |
| Economic Development Services | 604,458 | - | - | - | - | - | - | 509,718 | 1,114,176 |
| Enterprise Center West | 86,100 | - | - | - | - | - | - | - | 86,100 |
| Financing the Future | 244,723 | - | - | - | - | - | - | - | 244,723 |
| Jefferson Edge | - | 244,795 | - | - | - | - | - | - | 244,795 |
| Marketing | 504,964 | - | - | - | - | - | - | - | 504,964 |
| Technology Park | - | 85,260 | - | - | - | 1,448,338 | - | - | 1,533,598 |
| Patrick F. Taylor Academy | - | - | - | - | - | - | 418,404 | - | 418,404 |
| Total expenditures | 2,263,404 | 330,055 | 37,006 | 43,391 | 3,600 | 1,448,338 | 418,404 | 509,718 | 5,053,916 |
| EXCESS OF REVENUES OVER EXPENDITURES | 163,998 | 170,957 | (3,996) | 3,692,973 | 5,057 | 253,051 | - | 38 | 4,282,078 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Transfers to other funds | - | (117,000) | - | - | - | - | - | - | (117,000) |
| Transfers from other funds | - | - | - | - | 117,000 | - | - | - | 117,000 |
| Advance to COCRF | - | (500,000) | - | - | - | - | - | - | (500,000) |
| Total other financing sources (uses) | - | (617,000) | - | - | 117,000 | - | - | - | (500,000) |
| NET CHANGE IN FUND BALANCES | 163,998 | (446,043) | (3,996) | 3,692,973 | 122,057 | 253,051 | - | 38 | 3,782,078 |
| FUND BALANCES - BEGINNING | 819,952 | 599,559 | 1,302,115 | 4,433,859 | 927,064 | (253,051) | - | 19,839 | 7,849,337 |
| FUND BALANCES - ENDING | \$ 983,950 | \$ 153,516 | \$ 1,298,119 | \$ 8,126,832 | \$ 1,049,121 | \$ - | \$ - | \$ 19,877 | \$ 11,631,415 |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
December 31, 2009

Total net increase in fund balances- governmental funds \$ 3,782,078

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeds capital outlays
in the period:

| | | |
|----------------------|------------------|-----------|
| Capital outlays | \$ 1,959,499 | |
| Depreciation expense | <u>(168,187)</u> | 1,791,312 |

Change in deferral of revenues due to collection beyond 60 days (253,051)

Note receivable recorded in the governmental funds as expenditures.

However, in the Statement of Activities, the advance on the note
receivable is recorded as an asset.

| | | |
|-------------------------------------|---------------|---------|
| Note receivable | \$ 500,000 | |
| Accrued interest on note receivable | <u>56,269</u> | 556,269 |

Payment of compensated absences is an expenditure in the governmental
funds, but reduces long-term liabilities in the Statement of Net Assets
by the excess of compensated absences earned over amounts used.

3,434

Increase in net assets of governmental activities \$ 5,880,042

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
FIDUCIARY FUNDS DESCRIPTION
December 31, 2009

FIDUCIARY TYPE FUNDS – AGENCY FUNDS

Agency Funds account for assets held by an entity as an agent for individuals, private organizations, other governments, and/or other entity's funds.

HUD Revolving Loan Fund

The HUD Revolving Loan Fund accounts for loans made by the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program to borrowers in the community for economic development.

Incentive Fund

The Incentive Fund accounts for loans made by Jefferson Parish through its Incentive Fund to borrowers in the community for economic development. The incentive funds of \$3,985 were returned to Jefferson Parish during the year ended December 31, 2009.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009

| | HUD Revolving Loan Agency Fund | Incentive Agency Fund | Total Agency Funds |
|-------------------------------------|---|-----------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 386,311 | \$ - | \$ 386,311 |
| Notes receivable | 441,059 | - | 441,059 |
| Total Assets | <u>\$ 827,370</u> | <u>\$ -</u> | <u>\$ 827,370</u> |
| LIABILITIES | | | |
| Due to Jefferson Parish | | | |
| Department of Community Development | \$ 827,370 | \$ - | \$ 827,370 |
| Incentive Fund | - | - | - |
| Total liabilities and fund balance | <u>\$ 827,370</u> | <u>\$ -</u> | <u>\$ 827,370</u> |

The notes to the basic financial statements are an integral part of this statement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

1. INTRODUCTION

The Jefferson Parish Economic Development Commission ("JEDCO") is a special district of Jefferson Parish, Louisiana which was created by House Bill No. 908 of the 1987 Regular Session of the Louisiana Legislature. The name under which it was created is Jefferson Parish Economic Development and Port District, but in accordance with its bylaws, it operates under the name Jefferson Parish Economic Development Commission or JEDCO.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of JEDCO have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

Reporting Entity

GASB Codification of Governmental Accounting and Financial Reporting Standards established the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria for including a governmental organization as a part of the reporting entity for a governmental unit is the ability to exercise oversight responsibility over such organization by the unit's elected officials. Oversight responsibility is derived from, among other things, the governmental unit's power to appoint the governing board and the ability to significantly influence operations.

Based on the foregoing criteria, JEDCO was determined to be a component unit of Jefferson Parish, Louisiana, which is the governing body with oversight responsibility. The accompanying basic financial statements present information only on the funds maintained by JEDCO and its discretely presented component unit and do not present information on Jefferson Parish, the general government services provided by Jefferson Parish, or the other governmental units that comprise the governmental reporting entity of Jefferson Parish. These financial statements present JEDCO (the primary government) and its discretely presented component unit Forward Jefferson Corporation (a non-profit organization) (FORJ). As defined in GASB Statement No. 14, component units are legally separate entities that are included in JEDCO's reporting entity because of the significance of their operating or financial relationships with JEDCO. The purpose of FORJ is to assist in facilitating the New Market Tax Credit financing for the construction of the new JEDCO Administrative building as described in Note 19. Separate financial statements for FORJ are not issued.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

JEDCO's basic financial statements include both government-wide (reporting the JEDCO as a whole) and fund financial statements (reporting the JEDCO's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. JEDCO's activities are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. JEDCO's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of JEDCO's functions. The functions are also supported by general government revenues (occupational license revenue and investment earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).

JEDCO does not allocate indirect costs. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. This government-wide focus is more on the sustainability of JEDCO as an entity and the change in JEDCO's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of JEDCO are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. JEDCO electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements – Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. JEDCO reports these major governmental funds and fund types:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds

The *Jefferson Edge fund* is the government's primary fund for the Jefferson Edge program. This program supports the overall economic development strategic plan for Jefferson Parish. This fund is supported by the State of Louisiana, Jefferson Parish and the private sector through annual or multi-year commitments.

The *EDA Revolving Loan fund* accounts for the grants received from the Economic Development Administration.

The *BRGL/LRCF Fund* was created in 2007 to account for the activity of the Business Recovery Grant and Loan program as funded by the Department of Housing and Urban Development through the State of Louisiana Office of Economic Development.

Capital Project Funds

The *JEDCO Building Fund* was created to account for the funds reserved for future furniture and equipment expenditures of JEDCO's administrative offices/technology incubator in the Churchill Technology and Business Park.

The *Technology Park Fund* was created to account for the activity related to the land improvements and infrastructure of the Churchill Technology and Business Park land owned by JEDCO.

The *Patrick F. Taylor School Capital Project Fund* was created to account for the activity relating to the construction of the Patrick F. Taylor Science and Technology Academy Conference Center in the Churchill Business Park.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements – Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support JEDCO. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

JEDCO's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year. The level of budgetary control is at the fund/department level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year-end. A budget is adopted for the General Fund, the Jefferson Edge Special Revenue Fund and the BRGL/LRCF Fund on a basis consistent with generally accepted accounting principles. A budget was not adopted for the EDA Revolving Loan Special Revenue Fund because its expenditures are limited by the terms of the grant arrangements under which its revenues are received.

Operating transfers are not included for budget purposes. The adopted budget of expenditures operates as an appropriation for that year. Any unexpended balance of the amount appropriated reverts to the fund balance and becomes available for future appropriation. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Basis of Accounting –Accrual/Modified Accrual Method

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Revenue from shared occupational licenses is considered measurable and available when received and are recorded as revenue at that time.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting –Accrual/Modified Accrual Method (continued)

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with a maturity date within three months of the date acquired by JEDCO. Louisiana State statutes permit JEDCO to invest in direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, direct security repurchase agreements of any federal book entry only securities, and certificates of deposit of state banks, organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which have underlying investments limited to securities of the U.S. government or its agencies, and the Louisiana Asset Management Pool (LAMP). Investments for JEDCO are reported at fair value. LAMP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Promises to give are future donations from businesses that are pledged over the next year for the Jefferson Edge program. Upon receipt, the promise to give will be recognized as revenue.

An allowance for estimated uncollectible receivables is established when collectibility of a loan or an account becomes doubtful. As of December 31, 2009, management had established no allowance for estimated uncollectible receivables and all accounts were considered collectible.

Deferred Revenue

Deferred revenues arise when resources are received by JEDCO before it has a legal claim to them. In subsequent periods, when JEDCO has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

Capital Assets and Depreciation

For the government-wide financial statements, capital assets purchased or acquired with an original cost of \$500 are recorded at cost in the statement of net assets. Donated assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight line method over the following useful lives:

| <u>Depreciation</u> | <u>Estimated Lives</u> |
|------------------------|------------------------|
| Building | 40 years |
| Infrastructure | 25 – 40 years |
| Leasehold improvements | 5 – 10 years |
| Office furniture | 5 – 7 years |

For fund financial statements, capital acquisitions are reflected as a capital outlay expenditures in the governmental funds at the time purchased. GASB NO. 34 requires JEDCO to report and depreciate new infrastructure assets. Infrastructure assets for JEDCO consist of the roads and sewer work performed for the Churchill Technology and Business Park.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

In the governmental funds, only that portion which is expected to be liquidated from expendable available financial resources is accrued at year-end. The remainder of the accrued liability which is applicable to governmental fund types is reported in the government-wide financial statements. The amount of accumulated annual leave at December 31, 2009 applicable to governmental fund types was \$52,181 none of which met the condition for accrual in the governmental fund types; hence, the entire amount is reported in the government-wide financial statements. In accordance with GASB Statement No. 16, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

3. LEGAL COMPLIANCE - BUDGET

Under state law, JEDCO is required to complete and submit a budget for its General and Special Revenue Funds to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$250,000 or more.

The EDA Revolving Loan fund revenues and expenditures are driven by the timing of economic development loan closings, repayments on existing loans and new funds provided by federal grants through the U.S. federal government. Therefore, the EDA Revolving Loan fund is not required to adopt a budget.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

JEDCO's cash, cash equivalents, and investments consist primarily of demand deposits and certificates of deposits with financial institutions.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that JEDCO's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2009, the carrying amount of JEDCO's deposits was \$3,111,068 of which \$386,311 is reported in the agency funds and \$2,724,757 is reported in the Statement of Net Assets. Money market funds included in the cash amount are \$427,248 at December 31, 2009. The bank balance of the deposits at December 31, 2009 was \$3,118,022. Of the bank balance, \$800,000 was covered by federal deposit insurance and \$2,318,022 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP investments are restricted to securities issued guaranteed or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP may also invest in commercial paper of domestic United States Corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their funds. Certificates of deposit were covered by securities investor protection through JEDCO's broker.

At December 31, 2009, the carrying amount of investments is as follows:

| | <u>Amount</u> |
|--|---------------------|
| Louisiana Asset Management Pool (LAMP) | \$ 813,981 |
| Certificates of deposit | <u>302,092</u> |
| Total investments | <u>\$ 1,116,073</u> |

5. INTERFUND TRANSACTIONS

Interfund transactions consist of interfund receivables/payables and transfers. Interfund receivables/payables at December 31, 2009 are as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|---------------------|---------------------------------|-------------------------------|
| General Fund | \$ 25,873 | \$ 107,930 |
| Jefferson Edge Fund | 15,000 | 1,062 |
| EDA Fund | - | 10,009 |
| JEDCO Building Fund | - | - |
| BRGL/LCRF Fund | 53,740 | 14,802 |
| Forward Jefferson | - | 15,000 |
| Bayou Segnette | 54,190 | - |
| | <u>\$ 148,803</u> | <u>\$ 148,803</u> |

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

The following presentation of capital asset balances and current year activity for the fiscal year ended December 31 was as follows:

| | Balance January 1, 2009 | Additions | Deletions/ Transfers out | Balance December 31, 2009 |
|--------------------------------------|-------------------------------|---------------------|-----------------------------|---------------------------------|
| Land | \$ 2,123,985 | \$ - | \$ - | \$ 2,123,985 |
| Infrastructure | - | 5,963,169 | - | 5,963,169 |
| Office Furniture | 274,616 | 1,443 | - | 276,049 |
| Leasehold Improvements | 15,042 | - | - | 15,042 |
| Construction in progress | 4,748,721 | 1,958,056 | 5,963,169 | 743,608 |
| Total at historical cost | 7,162,364 | 7,922,668 | 5,963,169 | 9,121,863 |
| Less: total accumulated depreciation | 251,455 | 168,187 | - | 419,642 |
| Capital assets, net | <u>\$ 6,910,909</u> | <u>\$ 7,754,480</u> | <u>\$ 5,963,169</u> | <u>\$ 8,702,221</u> |

Depreciation expense of \$168,187 for the year ended December 31, 2009 was as follows:

| | |
|--------------------------------|-------------------|
| Governmental Activities | |
| Enterprise Center West | \$ 4,984 |
| Administrative | 10,940 |
| Technology Park Infrastructure | 152,263 |
| Total | <u>\$ 168,187</u> |

Construction in progress at December 31, 2009 consists of land improvements to the Bayou Segnette Project. The project was completed in February 2010.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

7. PENSION PLAN

JEDCO's employees are covered by its simplified employee pension (SEP) plan and are subject only to Medicare portion of social security taxes. JEDCO makes a contribution to an IRA account established for each full-time employee. The amount contributed by JEDCO is 6.2% of the employee's total compensation. JEDCO's total contribution under this plan for 2009 was \$63,960 based on a covered payroll of \$1,035,763. JEDCO's total current year payroll for all employees was \$1,035,763. JEDCO also participates in a retirement plan in which all full time employees are eligible to participate. The annual contribution by JEDCO is 6% of the employee's annual salary. JEDCO's total contribution under this plan for 2009 was \$61,896 based on covered payroll of \$1,035,763.

8. OPERATING LEASES

JEDCO leases a suite on the third floor of an office building in Metairie that it uses for its administrative office. The lease was considered an operating lease for accounting purposes. The lease term expired on December 31, 2008. In January 2009, the lease was extended to December 31, 2009. Lease payments under the lease for the year ended December 31, 2009 was \$115,010. The lease was extended through May 2010 and has an option for a three month renewal. The estimated future lease payment through May 2010 is \$47,920.

JEDCO leases a suite on the first floor of an office building that it uses for its Enterprise Center West operations. The lease is considered an operating lease for accounting purposes. The lease term is five years and expired on July 31, 2007. In October 2007, the lease was extended to January 31, 2010. Effective January 31, 2010 the lease was not renewed and the Enterprise Center West location was closed. Lease payments under the lease for the year ended December 31, 2009 was \$36,298.

As part of the NMTC transaction as described in Note 19, JEDCO entered into the following lease agreements with FORJ. The operating lease for the new Administration facility in the Churchill Technology and Business Park from February 2009 through February 2016 provides that JEDCO shall occupy the Administration facility throughout the full term of the lease and shall operate its business attraction, business retention, financing, and incubator programs within the facility. The lease requires monthly rental payments by JEDCO to FORJ in an amount to be determined which shall be based upon the amount of debt service required by FORJ to repay its Promissory Notes principal and interest obligations incurred in the financing and construction of the Administration facility plus an amount equal to twenty-five percent of any principal and interest owed by FORJ pursuant to the Promissory Notes

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

8. OPERATING LEASES (continued)

Estimated future minimum lease payments based on the interest rate on FORJ's debt service of 2.25063% at January 1, 2010 are as follows:

| | |
|-----------|---------------------|
| 2010 | \$ 76,916 |
| 2011 | 101,756 |
| 2012 | 166,925 |
| 2013 | 164,920 |
| 2014 | 162,916 |
| 2015-2016 | 421,876 |
| Total | <u>\$ 1,098,009</u> |

Included in administrative expenditures in the general fund is \$3,600 for lease expenditures for the year ended December 31, 2009. JEDCO agrees to purchase the building from FORJ at the expiration of the lease term for a price equal to any outstanding principal and interest plus any and all costs owed by FORJ pursuant to the terms of the Promissory Notes. The purchase shall occur on the maturity date of the lease in February 2016. At December 31, 2009, the estimated purchase price pursuant to this provision is approximately \$3,485,000.

The operating lease for the use of the land in the Churchill Technology and Business Park by FORJ to construct the new Administration facility term is February 2009 through February 2016 and requires rental payments from FORJ to JEDCO of \$1,000 per month. Future minimum lease payments by FORJ to JEDCO are as follows:

| | |
|-----------|------------------|
| 2010 | \$ 12,000 |
| 2011 | 12,000 |
| 2012 | 12,000 |
| 2013 | 12,000 |
| 2014 | 12,000 |
| 2015-2016 | 14,000 |
| Total | <u>\$ 74,000</u> |

Included in misc. income in the general fund is \$10,000 for lease income for the year ended December 31, 2009.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

9. COMPENSATED ABSENCES PAYABLE

Changes in compensated absences payable for the year ended December 31, 2009 were as follows:

| | Balance January 1, 2009 | Additions | Payments | Balance December 31, 2009 |
|----------------------|-------------------------------|-----------|----------|---------------------------------|
| Compensated absences | \$ 55,615 | 46,220 | 49,654 | \$ 52,181 |

The entire balance of compensated absences payable is considered to be a long-term liability by JEDCO.

10. CONDUIT DEBT (NOT INCLUDED IN THE FINANCIAL STATEMENTS)

In 2000, the State of Louisiana authorized JEDCO to issue \$8.5 million in Variable Rate Demand Industrial Development Bonds. The bonds were issued for the purpose of financing the acquisition and installation of equipment of a manufacturing facility on behalf of a local corporation at its manufacturing plant located in Jefferson Parish. JEDCO's obligations under the Series 2000 Bonds are limited. These special obligations are payable solely from lawfully available funds from payments made by the corporation (as defined in the Loan Agreement) and certain funds held by the Trustee pursuant to the Trust Indenture. The bonds do not constitute a debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO before maturity, in whole or in part, in the inverse order of maturity, on any interest date.

In 2002, the State of Louisiana authorized JEDCO to issue \$6.5 million in Variable Rate Taxable Revenue Bonds. The Bonds were issued for the purpose of financing the expansion of an existing warehouse facility on behalf of a local corporation located in Jefferson Parish. The facilities are to be leased by JEDCO to the corporation pursuant to a Lease Agreement between JEDCO and the corporation. JEDCO's obligations under the Series 2002 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the corporation. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO, on any date, before maturity, in whole in part, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

10. CONDUIT DEBT (NOT INCLUDED IN THE FINANCIAL STATEMENTS) (continued)

In 2008, the State of Louisiana authorized JEDCO to issue up to \$4.5 million in Variable Rate Taxable Revenue Bonds. The Bonds were issued in 2009 in the amount of \$2,866,500 (Durr Heavy Construction Project, L.L.C, Project Series 2009) for the purpose of financing the acquisition and construction of an office building on behalf of a local company located in Jefferson Parish. The facilities are to be leased by JEDCO to the company pursuant to a Lease Agreement between JEDCO and the company. JEDCO's obligations under the Series 2009 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the corporation. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds shall be subject to optional redemption prior to maturity, in whole, or in part, and if in part then in inverse order of maturity, on an interest payment date, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date, and without any redemption premium. The bonds are subject to mandatory redemption in full at the option of the Bondholder on the tenth and fifteenth anniversary of the delivery date and ninety days after any date on which the interest rate on the bonds equals or exceeds 14% per annum.

11. IN-KIND DONATIONS

Jefferson Edge Fund received \$4,410 of in-kind donations for advertising credit used during 2009 and included as a donation in JEDCO's financial statements.

12. CONTRIBUTED SERVICES

The twenty-one members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements.

13. NOTES RECEIVABLE

Revolving Loan Fund

JEDCO has notes receivable recorded in the EDA Revolving Loan Fund which are made to various businesses under the terms of the capitalization grant received from the Economic Development Administration. These notes total \$918,577 at December 31, 2009. The notes have various maturity dates and interest rates. No allowance has been established as of December 31, 2009, as management has reviewed and deemed all notes collectible.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

13. NOTES RECEIVABLE (continued)

JEDCO has notes receivable recorded in the BRGL/LRCF Fund which are made to various businesses under the terms of the cooperative endeavor agreement received from the State of Louisiana Office of Economic Development. These notes total \$7,212,112 at December 31, 2009. The notes have various maturity dates and are at zero percent interest. The borrowers are required to begin making principal payments beginning in 2009 on these outstanding notes receivables. No allowance has been established at December 31, 2009, as management has reviewed and deemed all notes collectible.

JEDCO has notes receivable recorded in the HUD Revolving Loan Fund (an agency fund) which are made to various businesses under the terms of the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program. These notes totaled \$441,059 at December 31, 2009. The notes have various maturity dates and interest rates. No allowance has been established at December 31, 2009, as management has reviewed and deemed all notes collectible.

New Market Tax Credit

On February 20, 2009, as part of the New Market Tax Credit (NMTC) transaction, JEDCO advanced \$500,000 to COCRF Investor 1, LLC, in the form of a subordinate loan note. The note will accrue interest at 12.2066% and the maturity date is February 20, 2016. Accrued interest of \$56,269 is included in interest and investment earnings on the Statement of Activities. The principal balance of \$500,000 and accrued interest of approximately \$670,000 are due in full on February 20, 2016, subject to prior payment in full by FORJ of all Senior Debt.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

14. CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS

The following summarizes the changes in the assets and liabilities of the agency funds during 2009.

| | HUD Revolving Loan Fund | | | |
|---|-------------------------------|-------------------|-------------------------|---------------------------------|
| | Balance January 1, 2009 | Additions | Payments/ Write-offs | Balance December 31, 2009 |
| Assets: | | | | |
| Cash and cash equivalents | \$ 440,452 | \$ - | \$ (54,141) | \$ 386,311 |
| Notes receivable | 371,922 | 150,000 | (80,863) | 441,059 |
| Total assets | <u>\$ 812,374</u> | <u>\$ 150,000</u> | <u>\$ (135,004)</u> | <u>\$ 827,370</u> |
| Liabilities: | | | | |
| Due to Jefferson Parish Department of Community Development: | | | | |
| Drawdowns | \$ 564,804 | \$ - | \$ - | \$ 564,804 |
| Net income | 247,570 | 14,996 | - | 262,566 |
| Total liabilities | <u>\$ 812,374</u> | <u>\$ 14,996</u> | <u>\$ -</u> | <u>\$ 827,370</u> |

The HUD Revolving Loan Fund accounts for loans made by the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program to borrowers in the community for economic development. The funds are held for the Jefferson Parish Department of Community Development.

| | Incentive Fund | | | |
|---|-------------------------------|------------------|-------------------------|---------------------------------|
| | Balance January 1, 2009 | Additions | Payments/ Write-offs | Balance December 31, 2009 |
| Assets: | | | | |
| Cash and cash equivalents | \$ 3,985 | \$ - | \$ (3,985) | \$ - |
| Notes receivable | - | - | - | - |
| Total assets | <u>\$ 3,985</u> | <u>\$ -</u> | <u>\$ (3,985)</u> | <u>\$ -</u> |
| Liabilities: | | | | |
| Due to Jefferson Parish Department of Community Development: | | | | |
| Drawdowns | \$ 41,381 | \$ - | \$ (41,381) | \$ - |
| Net income | (37,396) | 37,396 | - | - |
| Total liabilities | <u>\$ 3,985</u> | <u>\$ 37,396</u> | <u>\$ (41,381)</u> | <u>\$ -</u> |

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

14. CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (CONTINUED)

The Incentive Fund accounts for loans made by Jefferson Parish through its Incentive Fund to borrowers in the community for economic development. The remaining cash amount of \$3,985 was returned to Jefferson Parish during the year ended December 31, 2009.

15. ESCROW DEPOSITS

JEDCO assists local businesses in obtaining loans from the Small Business Administration. JEDCO collects an application fee at the beginning of the loan process. These application fees are held in an account until the loan process is completed. All application fees are returned to the applicant even if the loan is not obtained. Escrow deposits totaled \$6,750 at December 31, 2009.

16. JEDCO DEVELOPMENT CORPORATION

On August 22, 1990, JEDCO formed a corporation called the JEDCO Development Corporation to operate as a Certified Development Corporation (the "Corporation") pursuant to Section 504 of Title V of the Small Business Investment Act of 1958, as amended. The Corporation is to be governed by all requirements of Section 504. The Corporation was formed under the non-profit corporation statutes of the State of Louisiana. The Corporation assists in the growth and development of small business concerns in the state of Louisiana pursuant to Section 504 of the Development Company Program of the Small Business Investment Act of 1958, as amended, and its regulations. The Corporation has no assets or liabilities and had no activity for the year ended December 31, 2009.

17. PATRICK F. TAYLOR SCIENCE AND TECHNOLOGY ACADEMY CONFERENCE CENTER

In February 2008, JEDCO entered into a cooperative endeavor agreement (CEA) with the State of Louisiana Office of Facility Planning and Control for funding of \$22 million for construction of the Patrick F. Taylor Science and Technology Academy Conference Center (Academy Building) in the Churchill Technology and Business Park. In February 2008, JEDCO also entered into a Cooperative Endeavor Agreement with the Jefferson Parish School Board (JPSB) for the JPSB Facilities department to administer the construction of the Academy Building in accordance with the requirements of the CEA between JEDCO and the State of Louisiana. The design phase of the project began in 2009 and included in Intergovernmental state revenue is \$418,404 received during the year ended December 31, 2009 for the project.

In October 2008, JEDCO entered into a lease agreement with JPSB for use of the Academy Building land and the to-be constructed facility for a term of 99 years at \$1 per year to be paid at the inception of the lease. The School Board will be responsible for all maintenance of any kind at the Academy Building and the leased land. All repairs and maintenance will be contracted for, supervised by and paid for by JPSB with no responsibility of any kind borne by JEDCO.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

18. NEW MARKET TAX CREDIT

In February 2009, JEDCO and FORJ entered into a New Market Tax Credit Transaction (NMTC) to provide \$4 million of financing for the construction of JEDCO's new Administration building and Incubator facility in the Churchill Technology and Business Park. Forward Jefferson Corporation (FORJ) is a qualified 501 (c) (3) non-profit corporation created for and on behalf of JEDCO to provide economic assistance to JEDCO in its economic development mission. FORJ will acquire and construct the proposed administration office and Incubator facility in the Churchill Technology and Business Park. FORJ is a component unit of JEDCO as described in Note 1 to the financial statements.

In February 2009, JEDCO contributed \$500,000 to the NMTC transaction as described in Note 13 to the financial statements. In December 2009, FORJ obtained the financing of \$4 million. Cash amounts of \$3.7 million maintained in FORJ at December 31, 2009 are restricted for use in the construction of the Administration building and Incubator facility. At December 31, 2009, construction in progress of \$501,514 on FORJ's financial statement represents design and set up costs relating to the project.

At December 31, 2009 the following Facility Notes are outstanding on FORJ:

| | |
|---|---------------------|
| Facility Note A due to AmCREF Fund 1, LLC, interest at LIBO Rate plus 2.00% (2.28969% at December 31, 2009). Maturity date of February 20, 2016 | \$ 2,830,000 |
| Facility Note B due to AmCREF Fund 1, LLC, interest at 0%. Maturity date February 20, 2016 | 500,000 |
| Facility Note C due to AmCREF Fund 1, LLC, interest at 0%. Maturity date February 20, 2016 | <u>670,000</u> |
| Total | <u>\$ 4,000,000</u> |

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

18. NEW MARKET TAX CREDIT (CONTINUED)

Future principal payments are as follows:

| | |
|-----------|---------------------|
| 2010 | \$ - |
| 2011 | 71,250 |
| 2012 | 71,250 |
| 2013 | 71,250 |
| 2014 | 71,250 |
| 2015-2016 | <u>3,715,000</u> |
| Total | <u>\$ 4,000,000</u> |

FORJ will pay interest only on Facility Note A quarterly in arrears on the first day of each calendar quarter, beginning on January 1, 2010. Included in construction in progress at December 31, 2009 is capitalized interest of \$ 2,880. FORJ may not prepay the Facility Note A, B, or C in full or in part any time prior to the Note Maturity date on February 20, 2016. The Facility Notes are collateralized by a first priority mortgage and security interest in the Land and improvements (Administration Building and Incubator facility) and separately guaranteed by JEDCO and Jefferson Parish. FORJ and JEDCO have also entered into lease agreements (as described in Note 8) as part of the NMTC transaction. During the year ended December 31, 2009, JEDCO contributed \$213,123 to FORJ for pre-development costs incurred prior to the receipt of financing by FORJ.

19. COMMITMENTS AND CONTINGENCIES

FORJ has entered into a contract with a construction company for the Administration building and the Incubator facility for a total amount of \$4,856,000. At December 31, 2009, \$4,775,099 remains on the contract to be performed during the year ended December 31, 2010.

In February 2009, JEDCO entered into a CEA to provide incentive payments to a business located in Jefferson Parish upon reaching several benchmarks, including retaining its headquarters in Jefferson Parish, expanding its business, and hiring new employees who reside in Louisiana. JEDCO agrees to pay, but only to the extent funds are available from the Jefferson Economic Future Fund (a Fund maintained by Jefferson Parish) to the extent the performance objectives have been met, incentives payments consist of a maximum of \$216,000 in 2010, \$200,000 in 2011, and \$229,000 in 2012.

20. SUBSEQUENT EVENTS

In February 2010, JEDCO entered into a CEA with Jefferson Parish for \$2 million of Hurricanes Katrina and Rita CDBG Program funding for the construction of the Technology Incubator building in the Churchill Technology and Business Park.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
GENERAL FUND AND MAJOR FUND DESCRIPTIONS

DECEMBER 31, 2009

GENERAL FUND

The general fund accounts for resources traditionally associated with JEDCO which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Jefferson Edge Fund

The Jefferson Edge Fund was created for the purpose of implementing the Jefferson Edge program which is a five year economic development strategic plan for Jefferson Parish. Funding for the implementation comes from the State of Louisiana, Jefferson Parish and the private sector through annual or multi-year commitments.

EDA Revolving Loan Fund

The EDA Revolving Loan Fund accounts for the grants received from the Economic Development Administration.

Business Recovery Grant and Loan Program Fund(BRGL)/Louisiana Recovery Capital Fund(LRCF)

The Business Recovery Grant and Loan Program Fund (BRGL)/ Louisiana Recovery Capital Fund (LRCF) accounts for the grants received from the federal government through the Louisiana Office of Economic Development.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended December 31, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|------------------------------------|-------------------------|-------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| PROGRAM REVENUES | | | | |
| Intergovernmental: | | | | |
| Share of Jefferson Parish | | | | |
| occupational licenses | \$ 1,622,995 | \$ 1,522,995 | \$ 1,522,995 | \$ - |
| Jefferson Parish funds | - | 420,420 | 469,722 | 49,302 |
| State Funds | - | - | 45,198 | 45,198 |
| Charges for services: | | | | |
| Loan processing and servicing | 490,100 | 302,000 | 352,183 | 50,183 |
| Enterprise center | | | | |
| Rents and telephone | 19,600 | 19,500 | 19,270 | (230) |
| Interest | 15,000 | 5,000 | 7,935 | 2,935 |
| Miscellaneous | - | 11,000 | 10,099 | (901) |
| Total revenues | <u>2,147,695</u> | <u>2,280,915</u> | <u>2,427,402</u> | <u>146,487</u> |
| PROGRAM EXPENDITURES | | | | |
| Current: | | | | |
| Administrative | 643,700 | 729,500 | 694,307 | 35,193 |
| Economic Development Services | 593,335 | 938,120 | 604,458 | 333,662 |
| Enterprise Center West | 88,050 | 89,525 | 86,100 | 3,425 |
| Financing the Future | 255,600 | 247,700 | 244,723 | 2,977 |
| Marketing | 461,120 | 501,722 | 504,964 | (3,242) |
| BRGL | - | - | 128,852 | (128,852) |
| Total expenditures | <u>2,041,805</u> | <u>2,506,567</u> | <u>2,263,404</u> | <u>243,163</u> |
| EXCESS OF REVENUES OVER | | | | |
| EXPENDITURES | <u>105,890</u> | <u>(225,652)</u> | <u>163,998</u> | <u>389,650</u> |
| OTHER FINANCING USES: | | | | |
| Transfers to other funds | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>105,890</u> | <u>(225,652)</u> | <u>163,998</u> | <u>389,650</u> |
| FUND BALANCES - BEGINNING | <u>819,952</u> | <u>819,952</u> | <u>819,952</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 925,842</u> | <u>\$ 594,300</u> | <u>\$ 983,950</u> | <u>\$ 389,650</u> |

See accompanying independent auditors' report.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
JEFFERSON EDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended December 31, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|-------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| PROGRAM REVENUES | | | | |
| Intergovernmental: | | | | |
| Share of Jefferson Parish | | | | |
| occupational licenses | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ - |
| State funds | 85,000 | 85,000 | 85,000 | - |
| Interest | 10,000 | 1,000 | 602 | (398) |
| Donations | 400,000 | 331,000 | 335,410 | 4,410 |
| Total revenues | <u>575,000</u> | <u>497,000</u> | <u>501,012</u> | <u>4,012</u> |
| PROGRAM EXPENDITURES | | | | |
| Current: | | | | |
| Marketing | 145,000 | 30,000 | - | 30,000 |
| Technology Development | 794,280 | 850,000 | 244,795 | 605,205 |
| Administrative | 82,500 | 80,000 | 85,260 | (5,260) |
| Total expenditures | <u>1,021,780</u> | <u>960,000</u> | <u>330,055</u> | <u>629,945</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER EXPENDITURES | <u>(446,780)</u> | <u>(463,000)</u> | <u>170,957</u> | <u>633,957</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers to other funds | - | - | (117,000) | (117,000) |
| Transfers from other funds | - | - | - | - |
| Payment to COCRF | - | - | (500,000) | (500,000) |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>(617,000)</u> | <u>(617,000)</u> |
| NET CHANGE IN FUND BALANCES | <u>(446,780)</u> | <u>(463,000)</u> | <u>(446,043)</u> | <u>16,957</u> |
| FUND BALANCES - BEGINNING | <u>599,559</u> | <u>599,559</u> | <u>599,559</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 152,779</u> | <u>\$ 136,559</u> | <u>\$ 153,516</u> | <u>\$ 16,957</u> |

See accompanying independent auditors' report.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
EDA REVOLVING LOAN FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended December 31, 2009

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------|--------------------------------|--|
| | Original | Final | Amounts, Budgetary Basis | Final Budget Positive (Negative) |
| PROGRAM REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 33,010 | \$ 33,010 |
| Total revenues | - | - | 33,010 | 33,010 |
| PROGRAM EXPENDITURES | | | | |
| Current: | | | | |
| Administrative | - | - | 37,006 | (37,006) |
| Uncollectible Loans Expense | - | - | - | - |
| Total expenditures | - | - | 37,006 | (37,006) |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | - | - | (3,996) | (3,996) |
| FUND BALANCES - BEGINNING | - | - | 1,302,115 | 1,302,115 |
| FUND BALANCES - ENDING | \$ - | \$ - | \$ 1,298,119 | \$ 1,298,119 |

See accompanying independent auditors' report.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
LOUISIANA BUSINESS RECOVERY GRANT & LOAN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2009

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|--|---|
| | Original | Final | | |
| PROGRAM REVENUES | | | | |
| Federal Funds | \$ 550,000 | \$ 1,030,838 | \$ 3,730,400 | \$ 2,699,562 |
| Interest | (50,000) | (49,000) | 5,964 | 54,964 |
| Total revenues | 500,000 | 981,838 | 3,736,364 | 2,754,526 |
| PROGRAM EXPENDITURES | | | | |
| Current: | | | | |
| Administrative | 158,800 | 85,850 | 43,391 | 42,459 |
| Total expenditures | 158,800 | 85,850 | 43,391 | 42,459 |
| EXCESS OF REVENUES OVER EXPENDITURES | 341,200 | 895,988 | 3,692,973 | 2,796,985 |
| FUND BALANCES - BEGINNING | 4,433,859 | 4,433,859 | 4,433,859 | - |
| FUND BALANCES - ENDING | <u>\$ 4,775,059</u> | <u>\$ 5,329,847</u> | <u>\$ 8,126,832</u> | <u>\$ 2,796,985</u> |

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

DECEMBER 31, 2009

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Forward Jefferson

The Forward Jefferson Fund was established in 2007 to account for donations for Jefferson Edge.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bayou Segnette Fund

The Bayou Segnette Fund was created to account for the revenues and expenditures of the Bayou Segnette project. The purpose of the project is to provide fueling services to area recreational and commercial boaters.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2009

| | <u>Forward Jefferson</u> | <u>Segnette Fund</u> | <u>Governmental Funds</u> |
|--|------------------------------|--------------------------|-------------------------------|
| ASSETS | | | |
| Cash | \$ 15,151 | \$ - | \$ 15,151 |
| Due from other funds | - | 54,190 | 54,190 |
| Total assets | <u>\$ 15,151</u> | <u>\$ 54,190</u> | <u>\$ 69,341</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ - | \$ 34,464 | \$ 34,464 |
| Due to other funds | 15,000 | - | 15,000 |
| Total liabilities | <u>15,000</u> | <u>34,464</u> | <u>49,464</u> |
| Fund Balances: | | | |
| Unreserved, Undesignated | 151 | 19,726 | 19,877 |
| Total Fund Balances | <u>151</u> | <u>19,726</u> | <u>19,877</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 15,151</u> | <u>\$ 54,190</u> | <u>\$ 69,341</u> |

See accompanying independent auditors' report.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|---------------------------------|------------------------|-------------------------|------------------|
| | Forward | Bayou | Nonmajor |
| | Jefferson | Segnette | Governmental |
| | | Fund | Funds |
| REVENUES | | | |
| Charges for services | \$ - | \$ 509,718 | \$ 509,718 |
| Interest income | 38 | - | 38 |
| Total revenues | <u>38</u> | <u>509,718</u> | <u>509,756</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Bayou Segnette project | - | 509,718 | 509,718 |
| Total expenditures | <u>-</u> | <u>509,718</u> | <u>509,718</u> |
| EXCESS OF REVENUES | | | |
| OVER EXPENDITURES | <u>38</u> | <u>-</u> | <u>38</u> |
| FUND BALANCES, BEGINNING | <u>113</u> | <u>19,726</u> | <u>19,839</u> |
| FUND BALANCES, ENDING | <u>\$ 151</u> | <u>\$ 19,726</u> | <u>\$ 19,877</u> |

See accompanying independent auditors' report.

SINGLE AUDIT SECTION



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Jefferson Parish Economic Development Commission
Jefferson Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jefferson Parish Economic Development Commission (JEDCO), a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise JEDCO's basic financial statements and have issued our report thereon dated May 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered JEDCO's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of JEDCO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of JEDCO's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2009-2 and 2009-3 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEDCO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2009-3.

JEDCO's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit JEDCO's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite + Netterville

Metairie, Louisiana
May 3, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners
Jefferson Parish Economic Development Commission
Jefferson Parish, Louisiana

Compliance

We have audited the compliance of Jefferson Parish Economic Development Commission (JEDCO), a component unit of Jefferson Parish, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. JEDCO's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of JEDCO's management. Our responsibility is to express an opinion on JEDCO's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JEDCO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of JEDCO's compliance with those requirements.

In our opinion, JEDCO, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-3.

Internal Control Over Compliance

The management of JEDCO is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered JEDCO's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JEDCO's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of JEDCO as of and for the year ended December 31, 2009 and have issued our report thereon dated May 3, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise JEDCO's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

JEDCO's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit JEDCO's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite + Nettewill

Metairie, Louisiana
May 3, 2010

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL ADWARDS
For the Year Ended December 31, 2009

| <u>Funding Agencies/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Loans Disbursed</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|----------------------------|----------------------------|---------------------------------|
| Department of Housing and Urban Development Block Grant Loan Fund | 14.248 | BOO-UC-22-0001 | \$ 150,000 | \$ 441,059 |
| Special Economic Development and Domestic Assistance Program Long Term Economic Deterioration (LTED) Revolving Loan Fund | 11.307 | 08-39-02686 08-79-04083 | 93,497 | 1,062,871 |
| Community Development Block Grants | 14.228 | | <u>5,005,414</u> | <u>8,530,517</u> * |
| Total Federal Awards | | | <u>\$ 5,248,911</u> | <u>\$ 10,034,447</u> |

* Major Program

The accompanying Notes to the Schedule Expenditures of Federal Award are an integral part of this schedule.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when JEDCO has met the qualifications for the respective grants.

NOTE B – DESCRIPTION OF GRANTS

Department of Housing and Urban Development (HUD) – Community Development Block Grant Loan Fund

HUD through Jefferson Parish provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration (LTED) (EDA)

The Economic Development Administration provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

Business Recovery Grant and Loan Program (BRGL)/ Louisiana Recovery Capital Fund (LRCF)

The State of Louisiana Office of Economic Development provides U.S. Department of Housing and Urban Development CDBG funds to JEDCO for grants and loans issued to businesses located in the parishes impacted by Hurricane Katrina. The BRGL program was transferred into the LRCF program in 2009. The Louisiana Recovery Capital Fund accounts for the reimbursement for the Business Recovery Grant and Loan Program Phase II funds through the State of Louisiana Office of Economic Development.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

NOTE C – OUTSTANDING LOANS

The value of loans outstanding is as follows at December 31, 2009:

| | |
|-------------------------|---------------------|
| EDA Revolving Loan Fund | \$ 918,577 |
| HUD Revolving Loan Fund | 441,059 |
| BRGL Loan Fund | <u>7,212,112</u> |
| | <u>\$ 8,571,748</u> |

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: unqualified opinion
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: yes; Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Significant deficiencies in internal control over major programs: yes; Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: yes
- (g) Major programs:

| | |
|---|--------|
| Department of Housing and Urban Development Community Development Block Grant | 14.228 |
| Special Economic Development and Domestic Assistance Fund | 11.307 |
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$301,033
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

- (2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

2009-1 INTERNAL CONTROL OVER BANK RECONCILIATIONS

Condition: Bank reconciliations were not performed for the cash account in the EDA Revolving Loan Fund on federal cash accounts. Bank reconciliations were also not performed for and investment account in the JEDCO Building Fund.

Criteria: A good system of internal controls should reconcile all cash accounts on a monthly basis and record all adjustments.

Effect: Lack of performance of bank reconciliations increases the risk that error and/or fraud could occur and not be detected in a timely manner.

Cause: Management has not established adequate procedures to timely reconcile federal and non-federal cash accounts.

Recommendation: Management should refine existing procedures to timely reconcile all cash accounts. The reconciliation should be reviewed by someone other than the preparer. This review should be documented

Management response: Management concurs with the finding and will refine existing procedures during 2010 to reconcile all cash accounts as recommended.

2009-2 INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: General ledger account reconciliations for some significant accounts or transaction classes were not performed by management in a timely manner. JEDCO entered into a number of new transactions during the current year relating to the NMTC financing with FORJ, the Patrick F. Taylor Science and Technology Academy Conference Center, and CEA's with the State of Louisiana, Jefferson Parish, and the Jefferson Parish School Board which contributed to the deficiency.

Criteria: The definition of internal controls over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the Board is that *financial statements are prepared in accordance with generally accepted accounting principles (GAAP)*. Our responsibility under current audit standards requires us to communicate this issue to management and the Board of Commissioners.

Effect: As part of the audit process; we have historically assisted management in drafting the financial statements and related notes for the year-end audit procedures. During the course of our audit procedures we identified adjusting entries to general ledger accounts.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

2009-2 INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

Effect: Because our involvement is so important to the financial reporting process and due to the impact of the financial statement adjustments primarily related to the NMTC transaction, the Patrick F. Taylor Science and Technology Academy Conference Center, and new CEA's, this is an indication that the internal control over financial reporting of JEDCO meets the definition of a significant deficiency.

Cause: Management did not perform the reconciliations of some general ledger accounts in a timely manner.

Recommendation: All general ledger accounts should be reconciled in a timely manner and reviewed by management. This review should be documented.

Management response: Management concurs with the finding anticipates that the volume of activity regarding these transactions will decrease in 2010 as some of the projects will near completion. Management will refine procedures during 2010 to ensure that all general ledger accounts are reconciled.

2009-3 ADMINISTRATIVE EXPENSES ON THE BRGL/LRCF PROGRAM

Condition: Monthly reimbursements to JEDCO totaling \$97,085 for administrative services provided to the BRGL/LRCF Fund exceeded the actual cost incurred by JEDCO of \$43,345. At December 31, 2009, included in the Due to other funds is \$53,740 that JEDCO owes to the BRGL/LRCF Fund.

Criteria: Based on the agreement with the State Office of Economic Development. (LED) LED and JEDCO, 15% of amounts generated by repaid loans, including principal and interest, may be used by the intermediary (JEDCO) for reasonable costs associated with the administration of the Revolving Capital Fund (RCF). The intermediary shall be responsible to maintain appropriate documentation to prove that such costs are reasonable and specific to the administration of the RCF.

Effect: JEDCO must reimburse the BRGL/LRCF Fund in the amount of \$53,740 for expenditures that JEDCO could not provide documentation to prove that such cost are reasonable and specific to the administration of the RCF.

Cause: Management did not retain accurate documentation to support administrative costs.

Recommendation: On a monthly basis management should maintain supporting documentation for administrative services provided to federal programs.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

2009-3 ADMINISTRATIVE EXPENSES ON THE BRGL/LRCF PROGRAM
(continued)

Management response: Management concurs with the finding and will implement procedures during 2010 to retain accurate documentation as recommended. In April 2010, the amount of \$53,740 was reimbursed by the General Fund to the BRGL/LRCF Fund.

- (3) Findings and Questioned Costs relating to federal awards: See comment 2009-1 and 2009-3

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SUMMARY SCHEDULE OF PRIOR FINDINGS
For the Year Ended December 31, 2009

2008-1 INTERNAL CONTROL OVER PAYROLL EXPENDITURES

Condition: The Controller processes, reviews, records, and reconciles all payroll transactions without any review by another employee.

Criteria: A good system of internal controls should segregate duties so that no one employee is in a position to commit errors or fraud that would not be detected timely by another employee in the regular course of performing assigned duties.

Effect: Lack of segregation of duties over payroll increases the risk that error and/or fraud could occur and not be detected in a timely manner.

Cause: Management has not established adequate procedures to timely monitor payroll transactions.

Recommendation: Management should establish adequate procedures to timely monitor payroll transactions for accuracy, completeness, and compliance with JEDCO's policies. This review should be documented.

Management response: Management concurs with the finding and will implement procedures during 2009 to monitor payroll transactions as recommended.

Current Status: Management has implemented procedures in 2009 to timely monitor payroll transactions for accuracy, completeness, and compliance with JEDCO's policies. Management also has documentation for the monitoring of the payroll transactions. Resolved.

2008-2 VIOLATION OF STATE INVESTMENT LAW

Condition: JEDCO has investments in time certificates of deposit in banks not domiciled or having a branch office in the state of Louisiana.

Criteria: According to Louisiana Revised Statute 33:2955 A.(1) (d)(i), investments by political subdivision can be in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, as defined by R.S. 6:703(16) or (17), or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit.

Effect: JEDCO is in violation of the state investment law.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SUMMARY SCHEDULE OF PRIOR FINDINGS
For the Year Ended December 31, 2009

2008-2 VIOLATION OF STATE INVESTMENT LAW (CONTINUED)

Cause: Management was unaware and uninformed by the broker investing in the time certificates of deposit that the investments were in violation of state investment law.

Recommendation: Management should reinvest the funds from the time certificates of deposit in violation of the state investment law into allowable investments as soon as possible.

Management's response: Management concurs with the finding and has reinvested all funds in acceptable cash equivalents as of March 2009.

Current Status: As of March 2009, Management has reinvested all funds in acceptable cash equivalents. Resolved.